

UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF THE UNITED STATES TRUSTEE
CENTRAL DISTRICT OF CALIFORNIA

In Re: <div style="text-align: center; margin-top: 20px;">THE SOURCE HOTEL, LLC,</div> <div style="text-align: right; margin-top: 20px;">Debtor.</div>	CHAPTER 11 (BUSINESS) Case Number: <u>8:21-bk-10525-ES</u> Operating Report Number: <u>3</u> For the Month Ending: <u>Apr-21</u>
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I. CASH RECEIPTS AND DISBURSEMENTS
A. (GENERAL ACCOUNT*)

1. TOTAL RECEIPTS PER ALL PRIOR GENERAL ACCOUNT REPORTS	0.00
2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR GENERAL ACCOUNT REPORTS	0.00
3. BEGINNING BALANCE:	63,660.41
4. RECEIPTS DURING CURRENT PERIOD:	
Accounts Receivable - Post-filing	
Accounts Receivable - Pre-filing	
General Sales	
Other (Specify)	
**Other (Specify)	
TOTAL RECEIPTS THIS PERIOD:	0.00
5. BALANCE:	63,660.41
6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD	
Transfers to Other DIP Accounts (from page 2)	32,572.70
Disbursements (from page 2)	13,290.36
TOTAL DISBURSEMENTS THIS PERIOD:***	45,863.06
7. ENDING BALANCE:	17,797.35
8. General Account Number(s):	-9308
Depository Name & Location:	Axos Bank
	(General DIP Account opened on 3/04/2021)

* All receipts must be deposited into the general account.

** Include receipts from the sale of any real or personal property out of the ordinary course of business; attach an exhibit specifying what was sold, to whom, terms, and date of Court Order or Report of Sale.

***This amount should be the same as the total from page 2.

TOTAL DISBURSEMENTS FROM GENERAL ACCOUNT FOR CURRENT PERIOD

[illegible]

* Fill in amounts in this column if they are TRANSFERS to another DIP account (e.g. Payroll or Tax); the "amount" column will be filled in for you.

** Fill in amounts in this column if they are DISBURSEMENTS to outside payees; the "amount" column will be filled in for you.

GENERAL ACCOUNT BANK RECONCILIATION

Bank statement Date: 4/1/2021-4/30/2021 Balance on Statement: \$ 18,487.93

Plus deposits in transit (a):

Deposit DateDeposit Amount

TOTAL DEPOSITS IN TRANSIT

0.00

Less Outstanding Checks (a):

Check NumberCheck DateCheck Amount

7

4/13/2021

345.48

8

4/13/2021

345.10

TOTAL OUTSTANDING CHECKS:

690.58

Bank statement Adjustments:

Explanation of Adjustments-

ADJUSTED BANK BALANCE:

\$17,797.35

* It is acceptable to replace this form with a similar form

**** Please attach a detailed explanation of any bank statement adjustment**

I. CASH RECEIPTS AND DISBURSEMENTS

C. (TAX ACCOUNT)

1. TOTAL RECEIPTS PER ALL PRIOR TAX ACCOUNT REPORTS		0.00
2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR TAX ACCOUNT REPORTS		0.00
3. BEGINNING BALANCE:		0.00
4. RECEIPTS DURING CURRENT PERIOD:		93,997.61
(Transferred from General Account)	32,572.70	
Funding from affiliate	61,424.91	
5. BALANCE:		93,997.61
6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD		
TOTAL DISBURSEMENTS THIS PERIOD:***		(93,997.61)
7. ENDING BALANCE:		0.00
8. TAX Account Number(s):	-9324	
Depository Name & Location:	Axos Bank	
	(Tax DIP Account opened on 3/04/2021)	

Page 8 of 16

TAX ACCOUNT
BANK RECONCILIATION

Bank statement Date: 4/1/2021-4/30/2021 Balance on Statement: \$ -

Plus deposits in transit (a):

<u>Deposit Date</u>	<u>Deposit Amount</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

TOTAL DEPOSITS IN TRANSIT

0.00

Less Outstanding Checks (a):

<u>Check Number</u>	<u>Check Date</u>	<u>Check Amount</u>
<u> </u>	<u> </u>	<u> </u>
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TOTAL OUTSTANDING CHECKS:

0.00

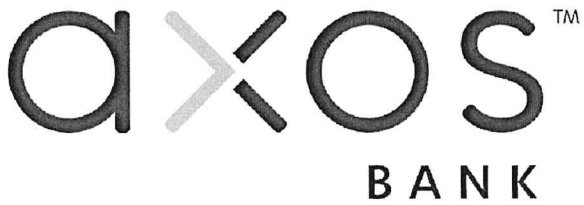
Bank statement Adjustments:

Explanation of Adjustments-

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ADJUSTED BANK BALANCE:

\$0.00



Date 4/30/21
Primary Account

Page 1
9308

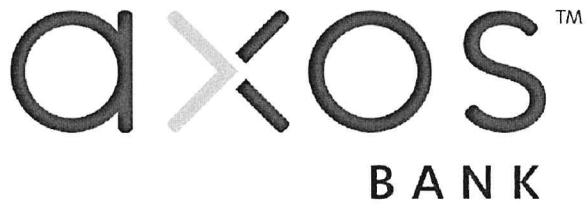
THE SOURCE HOTEL, LLC
Debtor in Possession,
Case # 8:21-bk-10525-ES
PO BOX 489
BUENA PARK CA 90621

Account Title: THE SOURCE HOTEL, LLC
Debtor in Possession,
Case # 8:21-bk-10525-ES

Basic Business Checking		Number of Enclosures	0
Account Number	9308	Statement Dates	4/01/21 thru 5/02/21
Previous Balance	63,660.41	Days in the statement period	32
Deposits/Credits	.00	Avg Daily Ledger	25,854.93
5 Checks/Debits	45,172.48	Avg Daily Collected	25,854.93
Maintenance Fee	.00		
Interest Paid	.00		
Ending Balance	18,487.93		

CHECKS AND WITHDRAWALS

Date	Description	Amount
4/02	INTERNAL TRANSFER REQUEST	32,572.70-
4/05	IPFSPMTCAO IPFS800-858-4326	6,124.89-
	CCD 101000015434149	
	THE SOURCE HOTEL, LLC.	
4/15	Account Analysis Charge	25.00-
4/22	PAYMENT QUARTERLY FEE	325.00-
	CCD 041036041281781	
	THE SOURCE HOTEL	
4/29	IPFSPMTCAO IPFS800-858-4326	6,124.89-
	CCD 101000019384471	
	THE SOURCE HOTEL, LLC.	



Date 4/30/21
Primary Account

Page 2
9308

Basic Business Checking

9308 (Continued)

DAILY BALANCE INFORMATION					
Date	Balance	Date	Balance	Date	Balance
4/01	63,660.41	4/05	24,962.82	4/22	24,612.82
4/02	31,087.71	4/15	24,937.82	4/29	18,487.93

*** END OF STATEMENT ***

IMPORTANT DISCLOSURE TO OUR CONSUMER CUSTOMERS**In Case of Errors or Questions About Your Electronic Transfers**

In Case of Errors or Questions About Your Electronic Transfers, Telephone us at 1-888-502-2967 or Write us at the address on the front of this statement as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared.

- Tell us your name and account number (if any).
- Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

We will tell you all the results of our investigation within 10 business days and will correct any error promptly. If we need more time, we may take up to 45 days to investigate your complaint. In that case, we will provisionally credit your account for the amount you think is in error, so that you may have use of the money during the time it takes us to complete our investigation. For transfers initiated outside the United States or transfers resulting from a point of sale (POS) debit card transactions, the time period for provisional credit is 10 business days and the time to resolve the investigation is 90 days.

IMPORTANT DISCLOSURES TO OUR BUSINESS CUSTOMERS

Errors related to any transaction on a business account will be governed by any agreement between us and/or all applicable rules and regulations governing such transactions, including the rules of the Automated Clearing House Association (NACHA Rules) as may be amended from time to time. If you think this statement is wrong, please telephone us at the number listed on the front of this statement immediately.

For our 24-hour Automated Banking System, please call the number located on the front of the Statement.
CONSUMER BILLING RIGHTS SUMMARY REGARDING YOUR RESERVE LINE

What to do if you think you find a mistake on your statement:

Contact us at the address shown on the front of this statement as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt. We must hear from you within 60 days after the error appeared on your statement.

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You must notify us of any potential errors in writing or electronically. You may call us, but if you do, we are not required to investigate any potential errors and you may have to pay the amount in question.

While we investigate whether or not there has been an error, the following are true:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The amount in question may remain on your statement, and we may continue to charge you interest on that amount. But, if we determine that we made a mistake, you will not have to pay the amount in question or other fees related to that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

REPORTS TO AND FROM CREDIT BUREAUS FOR RESERVE LINES

We may report information about your account to credit bureaus. Late payments, missed payments or other defaults on your account may be reflected in your credit report.

CONSUMER REPORT DISPUTES

We may report information about negative account activity on consumer and small business deposit accounts and consumer reserve lines to Consumer Reporting Agencies (CRA). As a result, this may prevent you from obtaining services at other financial institutions. If you believe we have inaccurately reported information to a CRA, you may submit a dispute by calling 1-800-428-9623 or by writing to Chex Systems, Attention Consumer Relations, 7805 Hudson Road, Suite 100, Woodbury, MN 55125. In order to assist you with your dispute, you must provide your name, address and phone number; the account number; the specific information you are disputing; the explanation of why it is incorrect; and any supporting documentation (i.e. affidavit of identity theft). If applicable.



Date 4/30/21 Page 1
Primary Account 9324

THE SOURCE HOTEL, LLC
Debtor in Possession,
Case # 8:21-bk-10525-ES, Tax
PO BOX 489
BUENA PARK CA 90621

Account Title: THE SOURCE HOTEL, LLC
Debtor in Possession,
Case # 8:21-bk-10525-ES, Tax

Basic Business Checking		Number of Enclosures	0
Account Number	9324	Statement Dates	4/01/21 thru 5/02/21
Previous Balance	.00	Days in the statement period	32
2 Deposits/Credits	93,997.61	Avg Daily Ledger	27,570.99
1 Checks/Debits	93,997.61	Avg Daily Collected	27,570.99
Maintenance Fee	.00		
Interest Paid	.00		
Ending Balance	.00		

DEPOSITS AND OTHER CREDITS

Date	Description	Amount
4/02	INTERNAL TRANSFER REQUEST	32,572.70
4/06	Wire Transfer Credit	61,424.91
	M + D PROPERTIES	
	6988 BEACH BLVD B-215	
	BUENA PARK, CA 90621 US	
	TEL 714 521 8858	
	BUENA PARK, CA 90621 USA	
	TEL 714 521 8858	
	FUND TSH PROPERTY TAXES	
	20210406QMGFT014001909	
	20210406MMQFMP9N000585	
	04061736FT01	



Date 4/30/21
Primary Account

Page 2
9324

Basic Business Checking

9324 (Continued)

CHECKS AND WITHDRAWALS

Date	Description	Amount
4/14	TAX COLL. ORANGE COUNTY WEB 091000017872230 The Source Hotel LLC 27636142	93,997.61-

DAILY BALANCE INFORMATION

Date	Balance	Date	Balance
4/01	.00	4/06	93,997.61
4/02	32,572.70	4/14	.00

*** END OF STATEMENT ***

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II. STATUS OF PAYMENTS TO SECURED CREDITORS, LESSORS
AND OTHER PARTIES TO EXECUTORY CONTRACTS

Creditor, Lessor, Etc.	Frequency of Payments (Mo/Qtr)	Amount of Payment	Post-Petition payments not made (Number)	Total Due
Shady Bird Lending, LLC				
Orange County Treasurer- Tax Collector	1st installment due 12/10 and 2nd installment due on 4/12/2021	93,997.61	2nd installment paid on 4/12/2021	93,997.61
TOTAL DUE:				93,997.61

III. TAX LIABILITIES

FOR THE REPORTING PERIOD:

Gross Sales Subject to Sales Tax: _____
Total Wages Paid: _____

	Total Post-Petition Amounts Owing	Amount Delinquent	Date Delinquent Amount Due
Federal Withholding			
State Withholding			
FICA- Employer's Share			
FICA- Employee's Share			
Federal Unemployment			
Sales and Use			
Real Property			
Other:			
TOTAL:	0.00	0.00	

30 days or less	
31 - 60 days	
61 - 90 days	
91 - 120 days	
Over 120 days	
TOTAL:	

30 days or less	
31 - 60 days	
61 - 90 days	
91 - 120 days	
Over 120 days	
TOTAL:	

General Liability	
Worker's Compensation	
Casualty	
Vehicle	
Others:	Property

General Liability	
Worker's Compensation	
Casualty	
Vehicle	
Others:	Property

(TOTAL PAYMENTS)

Page 12 of 16

					0.00
					0.00
					0.00
		325.00		325.00	0.00

* Post-Petition Accounts Payable SHOULD NOT include professionals' fees and expenses which have been incurred but not yet awarded by the court. Post-Petition Accounts Payable SHOULD include professionals' fees and expenses authorized by Court Order but which remain unpaid as of the close of the period report

VII SCHEDULE OF COMPENSATION PAID TO INSIDERS

Name of Insider	Date of Order Authorizing Compensation	*Authorized Gross Compensation	Gross Compensation Paid During the Month

VIII. SCHEDULE OF OTHER AMOUNTS PAID TO INSIDERS

Name of Insider	Date of Order Authorizing Compensation	Description	Amount Paid During the Month

The Source Hotel, LLC
Balance Sheet
April 30, 2021

Assets

Real Estate

Construction in progress	\$ 73,921,986
Total Real Estate	<u>73,921,986</u>

Other Assets

Cash & cash equivalents	17,797
Prepaid expenses and other assets	5,253,981
Total Other Assets	<u>5,271,778</u>
Total Assets	<u>\$ 79,193,764</u>

Liabilities and Members' Capital

Liabilities

Construction loans - EB5	\$ 21,000,000
Construction loans - Evertrust Bank	24,988,809
Due to affiliates, non-interest bearing	5,999,463
Accrued interest and preferred return	8,480,129
Accounts payable and other liabilities	4,593,053
	<u>65,061,454</u>

Members' Capital	<u>14,132,311</u>
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TOTAL LIABILITIES & MEMBER'S CAPITAL	<u>\$ 79,193,764</u>
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The Source Hotel, LLC
Statement of Operations
For the four months ended April 30, 2021

	<u>Month to Date</u>	<u>Year to Date</u>
Revenue	<u>\$ -</u>	<u>\$ -</u>
Operating Expenses:		
General & Administrative Expenses	<u>(1,388)</u>	<u>80,325</u>
	<u>(1,388)</u>	<u>80,325</u>
Operating Income (Loss)	1,388	(80,325)
Other income (expense)	<u>(1,738)</u>	<u>(1,737)</u>
Net Income (Loss)	<u><u>\$ (350)</u></u>	<u><u>\$ (82,062)</u></u>

XI. QUESTIONNAIRE

- | | No | Yes |
|--|----------|---------------|
| 1. Has the debtor-in-possession made any payments on its pre-petition unsecured debt, except as have been authorized by the court? If "Yes", explain below: | <u>X</u> | <u> </u> |
| <hr/> | | |
| 2. Has the debtor-in-possession during this reporting period provided compensation or remuneration to any officers, directors, principals, or other insiders without appropriate authorization? If "Yes", explain below: | No | Yes |
| | <u>X</u> | <u> </u> |
| <hr/> | | |
| 3. State what progress was made during the reporting period toward filing a plan of reorganization See #4 below. | | |
| <hr/> | | |
| 4. Describe potential future developments which may have a significant impact on the case: | | |
| <p>The Debtor is actively seeking post-petition financing so that the construction of the hotel (which is approximately 85% complete) may be completed and the hotel opened for business. Upon obtaining a commitment for financing upon terms that the Debtor believes are reasonable and acceptable, the Debtor will seek Court approval for such financing. The Debtor anticipates formulating and proposing a plan of reorganization which provides for the completion of construction of the hotel and eventual operation and stabilization of the hotel business, and the restructuring and/or repayment of its existing secured and unsecured debt, using the revenues generated by the operation of the hotel.</p> | | |
| 5. Attach copies of all Orders granting relief from the automatic stay that were entered during the reporting period. | | |
| <hr/> | | |
| 6. Did you receive any exempt income this month, which is not set forth in the operating report? If "Yes", please set forth the amounts and sources of the income below. | No | Yes |
| | <u>X</u> | <u> </u> |
| <hr/> | | |

I, Donald Chae, Manager of Sole Member of Debtor (DMC Investment Holdings, LLC), declare under penalty of perjury that I have fully read and understood the foregoing debtor-in-possession operating report and that the information contained herein is true and complete to the best of my knowledge.



Date

Page 16 of 16

Principal for debtor-in-possession